

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Athletic Department
Nicholls State University
University of Louisiana System
State of Louisiana
Thibodaux, Louisiana**

February 13, 2002



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Thibodaux, Louisiana**

**Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 2001**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

February 13, 2002

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 2001

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DANIEL G. KYLE, PH.D., CPA, CFE
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January 23, 2002

Independent Auditor's Report
on the Financial Statement

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Thibodaux, Louisiana

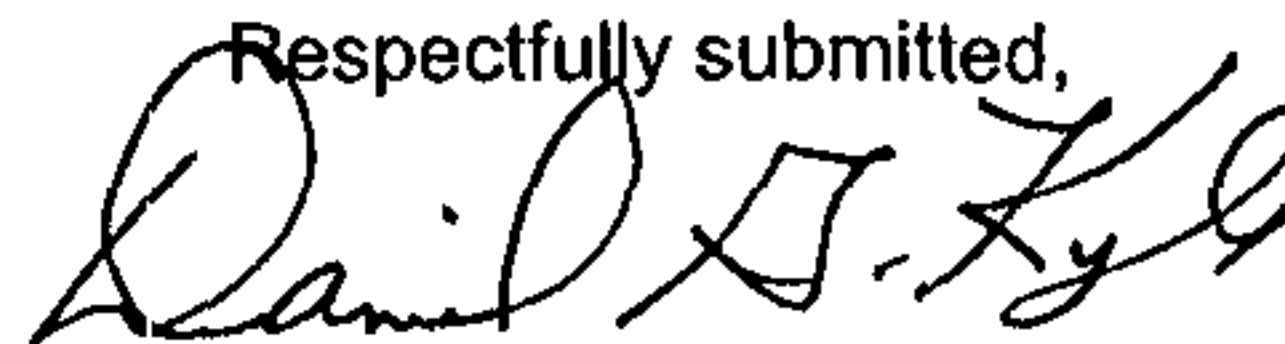
We have audited the accompanying statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University for the year ended June 30, 2001. This financial statement is the responsibility of management of Nicholls State University. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the statement of revenues and expenditures referred to above presents only the financial transactions of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University. As such, the financial statement is not intended to and does not present fairly the financial position and changes in fund balances of Nicholls State University in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly the revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

We have also issued reports dated January 23, 2002, on our consideration of the Nicholls State University Intercollegiate Athletics Program internal control and our report on minimum agreed-upon procedures.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

LOC:ES:RL:ss
[NSUNCAA01]

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 2001**

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY	ATHLETIC AGENCY FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Education and general transfers	\$1,985,649		\$1,985,649
Gate receipts	108,598		108,598
Guarantees	229,712		229,712
Commissions	9,435		9,435
NCAA receipts	220,914		220,914
In-kind contributions (note 6)		\$36,981	36,981
Outside funds		216,111	216,111
Miscellaneous	84,292		84,292
Total revenues	<u>2,638,600</u>	<u>253,092</u>	<u>2,891,692</u>
EXPENDITURES			
Personal services:			
Salaries	987,316	51,031	1,038,347
Related benefits	179,680	7,304	186,984
Travel	286,729	57,708	344,437
Operating services	169,534	28,521	198,055
Supplies	78,323	44,146	122,469
Professional services	121,584	9,395	130,979
Guarantees	40,298		40,298
Scholarships	771,700	11,251	782,951
Other charges	458	64,189	64,647
Equipment	2,978	2,897	5,875
Total expenditures	<u>2,638,600</u>	<u>276,442</u>	<u>2,915,042</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>NONE</u>	<u>(\$23,350)</u>	<u>(\$23,350)</u>

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statement
For the Year Ended June 30, 2001

INTRODUCTION

Nicholls State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Nicholls State University Athletic Department, which operates the intercollegiate athletics program, is a part of Nicholls State University. The accompanying financial statement presents information only as to the transactions of the Nicholls State University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of Nicholls State University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds - Unrestricted

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control included in the annual legislative appropriation act, and include the Auxiliary Enterprise Fund. The Auxiliary Enterprise Fund includes the accounts of the athletic department.

Agency Fund

This fund group represents funds for which the university acts as custodian or fiscal agent on behalf of others, such as contributions and in-kind contributions.

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

Revenues

Substantially all revenues are recognized when earned.

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statement (Continued)

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized, and (2) summer school fees and faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year.

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations.

D. TOTAL COLUMN ON STATEMENT

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CONTRIBUTIONS EXCEEDING TEN PERCENT
OF TOTAL CONTRIBUTIONS**

Nicholls State University received three contributions for Corporate Sponsorships totaling \$27,000 for the year ended June 30, 2001, which exceeded 10% (\$7,228) of total contributions made to the athletic department, as follows:

Corporate Sponsorship

Thibodaux Regional Medical Center	\$10,500
First American Bank	8,500
Terrebonne Medical Center	8,000

3. PENSION PLANS

Plan Description. Substantially all employees of the athletic department are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivor's benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
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Notes to the Financial Statement (Continued)

the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Funding Policy. The contribution requirements of plan members and the athletic department are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 14.2% of covered salaries to TRS and 13% of covered salaries to LASERS. The athletic department's employer contributions to TRS for the years ended June 30, 2001, 2000, and 1999, were \$36,133, \$50,950, and \$57,722, respectively, and to LASERS for the years ended June 30, 2001, 2000, and 1999, were \$13,366, \$12,402, and \$12,877, respectively, equal to the required contributions for each year.

4. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program will aid the athletic department in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the athletic department are 14.2% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the State of Louisiana or the TRS. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statement (Concluded)

Employer contributions to the optional retirement plan totaled \$81,401, \$75,791, and \$70,265, respectively, for the years ended June 30, 2001, 2000, and 1999.

**5. OUTSIDE ORGANIZATION CREATED FOR
OR IN BEHALF OF THE NICHOLLS STATE
UNIVERSITY INTERCOLLEGIATE ATHLETICS
PROGRAM**

The Nicholls Colonel Club is the only outside organization created for or in behalf of the Nicholls State University Intercollegiate Athletics Program. The accounts for this club are maintained within the Nicholls State University Foundation, Incorporated, which is a separate corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 2001.

Included in the Statement of Revenues and Expenditures (Statement A) is \$44,849 in direct payments provided to the athletic program by the Nicholls Colonel Club. Except for these funds received by the university, the funds of the Nicholls Colonel Club and the Nicholls State University Foundation, Incorporated, are not under the accounting control of the university and, therefore, are not included in Statement A.

**6. CONTRIBUTIONS (GIFTS-IN-KIND)
FROM OUTSIDE ORGANIZATION**

In addition to the direct payments mentioned in note 5, Statement A includes expenditures made for or in behalf of the athletic department by the Nicholls Colonel Club as follows:

Operating services	\$12,000
Travel	10,276
Supplies	8,705
Professional services	<u>6,000</u>
Total	<u><u>\$36,981</u></u>

OTHER REPORTS REQUIRED BY
NCAA FINANCIAL AUDIT GUIDELINES

The following pages contain reports on internal control and agreed-upon procedures required by *NCAA Financial Audit Guidelines*, issued by the National Collegiate Athletic Association. The report on internal control is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions or material weaknesses. The report on agreed-upon procedures relates only to the items discussed and is substantially less in scope than an audit.



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January 23, 2002

Independent Auditor's Report on Internal Control
Based Solely on an Audit of the Athletic Department's
Statement of Revenues and Expenditures

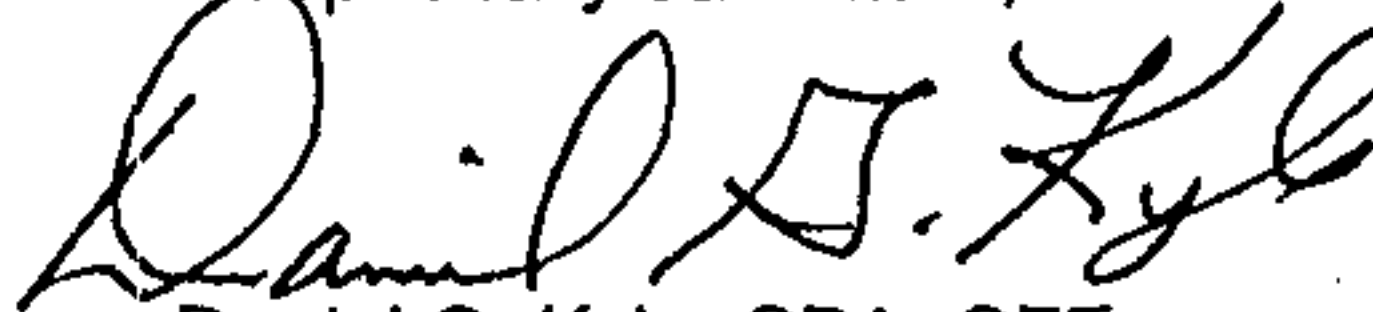
DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
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STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University, for the year ended June 30, 2001, and have issued our report thereon dated January 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

In planning and performing our audit of the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 2001, we considered its internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal controls. Our consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the management of Nicholls State University and is not intended to be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,


Daniel G. Kyle, CPA, CFE
Legislative Auditor

LOC:ES:RCL:ss
[NSUNCAA01]

EXHIBIT A



DANIEL G. KYLE, PH.D., CPA, CFE
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January 23, 2002

Independent Auditor's Report on
Minimum Agreed-Upon Procedures

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University, for the year ended June 30, 2001, and have issued our report thereon dated January 23, 2002. As requested by the university, we have also applied certain agreed-upon procedures contained in the *NCAA Financial Audit Guidelines* related to outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 2001, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Nicholls State University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

1. We obtained written representation from management of the university that the Nicholls State University Foundation, Incorporated - Colonel Club was the only outside organization created for or in behalf of the athletic department.
2. We obtained from representatives of the outside organization a statement of cash receipts and disbursements with written representations as to the fair presentation of the statements.

No exceptions were noted as a result of this procedure.

3. We compared the direct payments of the outside organization to the university with the revenues reported on the university's Statement of Revenues and Expenditures and identified any reconciling items.

No exceptions were noted as a result of this comparison.

EXHIBIT B

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Agreed-Upon Procedures Report

January 23, 2002

Page 2

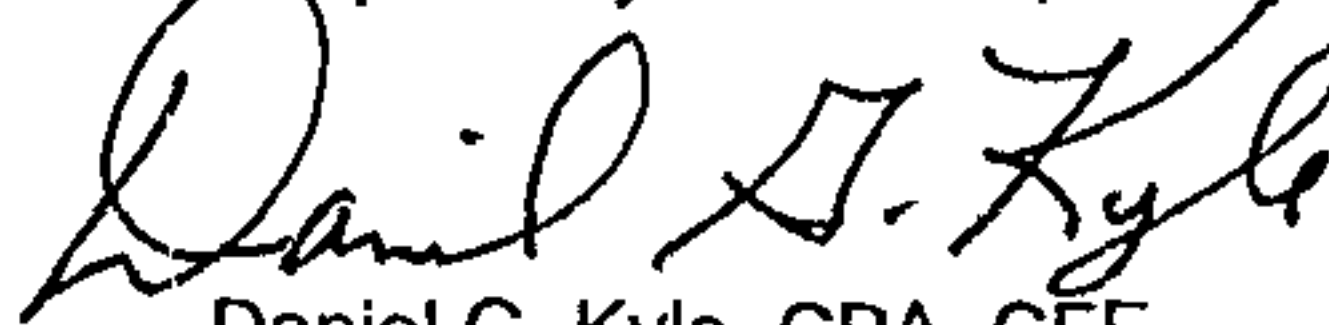
4. We obtained the independent auditor's report for the outside organization to identify any reportable conditions relating to the outside organization's internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Nicholls State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2001. The audit report was dated August 15, 2001, and included no reportable conditions relating to the outside organization's internal control.

Because these procedures do not constitute an audit made in accordance with auditing standards generally accepted in the United States, we do not express an opinion on any of the accounts or items referred to previously. Had we performed additional procedures or had we made an audit of the financial statements of the related outside organization in accordance with auditing standards generally accepted in the United States, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of Nicholls State University or the related outside organization taken as a whole.

This report is intended for the information and use of the management of Nicholls State University and is not intended to be used by anyone other than management of the university. Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

LOC:ES:RCL:ss

[NSUNCAA01]